

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 105 – HB 94

March 30, 2015

**SUMMARY OF ORIGINAL BILL:** Requires Worker's Compensation Utilization Review firms to become accredited by either the Utilization Review Accreditation Commission (URAC) or the National Committee for Quality Assurance (NCQA). Clarifies the statute of limitations for situations where permanent partial disability payments to an employee were made in attempt to settle a claim prior to an approved settlement. Aligns definition of "qualified physician" with Tennessee Department of Health's Pain Management Treatment Guideline definition of "pain management specialists." Makes changes to further define the authority of the administrator to compensate attorneys who provide legal services defending actions against the second injury fund. Defines duties of the Worker's Compensation Appeals Board and clarifies procedures for an appeal to the Worker's Compensation Appeals Board. Authorizes a Worker's Compensation Judge to appoint a guardian ad litem in a claim for worker's compensation death benefits. Defines a Worker's Compensation Judge's authority to enforce judgments. Corrects T.C.A. for clarification on filing fees to be assessed. Changes terms from "Division of Workers' Compensation" to "Bureau of Workers' Compensation." Provides clarification that the Bureau of Worker's Compensation is an autonomous unit attached to the Department of Labor and Workforce Development for administrative matters only, and not a division of the Department of Labor and Workforce Development.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue - \$34,700/General Fund

IMPACT TO COMMERCE OF ORIGINAL BILL:

Other Commerce Impact - The total number of utilization review firms that will elect to become URAC or NCQA accredited is unknown. The total increase in business expenditures for one entity to become accredited is estimated to be \$35,000. Any such electing business will incur this expense once every three years.

**SUMMARY OF AMENDMENT (005515):** Replaces the word "provider" with "utilization review organization."

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

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- Pursuant to Section 2 of the bill referencing Tenn. Code Ann. § 8-21-409(a)(7)(F), the Division of Worker's Compensation (DWC) reports the appeal fee will be established as \$75 per appeal filed by an individual who had their original filing rejected.
- DWC reports 562 pre-reform administrative review cases in FY13-14 and 669 cases in FY12-13.
- DWC confirms an average number of cases each fiscal year is 616.
- Pre-reform administrative review cases are identified as an appeal prior to the implementation of any fee for the appellate process.
- The \$75 appeal fee will serve as a deterrent to frivolous appeals. It is estimated the appeal fee will result in approximately 25 percent fewer appeals; thus the annual number of appeals under the provisions of this bill is estimated to decrease from 562 to 462.
- According to DWC, the fee revenue will be deposited to the state General Fund.
- The recurring increase in state revenue to the General Fund is estimated to be \$34,650 (462 x \$75).

## **IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:**

**Unchanged from the original fiscal note.**

Assumptions for the bill as amended:

- Under the provisions of the bill, all utilization review firms will be mandated to become URAC or NCQA accredited.
- The total cost for utilization review firms to become URAC or NCQA accredited is estimated to be \$35,000 for a three-year accreditation.
- An exact number of firms that will chose to become URAC or NCQA accredited is unknown and cannot be quantified.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Jeffrey L. Spalding, Executive Director

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